

Needham Finance Committee
Minutes of Meeting of September 16, 2020

The meeting of the Finance Committee was called to order by Chair Carol Fachetti at approximately 7:00 pm via Zoom Video Webinar <https://us02web.zoom.us/j/85039183216>

Present from the Finance Committee:

Carol Fachetti, Chair ; Joshua Levy, Vice Chair

Members: Barry Coffman, John Connelly, Tom Jacob, Richard Lunetta, Louise Miller, Richard Reilly

Others speaking:

David Davison, Assistant Town Manager/Finance Director

Evelyn Poness, Town Treasurer/Collector

Michelle Vaillancourt, Town Accountant

Roger MacDonald, Director of Management Information Systems

Chip Davis, Administrative Assessor

Stuart Chandler, Chair, Permanent Public Building Committee

George Kent, Member, Permanent Public Building Committee

Steve Popper, Director, Public Facilities Construction

Noah Mertz, Equal Justice in Needham (Citizen's Petition proponent)

Rebecca Waber, Equal Justice in Needham

Citizen Requests to Address Finance Committee

There were no requests to speak.

Approval of Minutes of Prior Meetings

MOVED: By Ms. Miller that the minutes of September 9, 2020 be approved as distributed, subject to technical corrections. Mr. Jacob seconded the motion. The motion was approved by a unanimous roll call vote of 8-0.

Special Town Meeting Warrant Article 17: Citizens Petition – Resolution to Request a Study of Systemic Racism in Needham

Mr. Mertz stated that the petition was filed by Equal Justice in Needham (EJN), a diverse, multi-generational group that was formed in the wake of the uprisings following the death of George Floyd, and after the sharing of stories by people in Needham that have experienced racial profiling or other acts of racism. The group consists of residents that wanted to do something. The Citizen's Petition seeks an affirmation of intent to examine racism in Needham with a goal of developing specific and tangible actions to remedy the situation. He stated that EJN obtained 340 signatures for the petition in 3 days, much more than needed to file the petition, which he feels shows widespread support for such action. He stated that the petition is nonbinding and requires no money. Nothing in it pertains directly to the budget or finances of the town. He stated that there could be budget-related initiatives in the future, but this is simply an opportunity for Town Meeting to show support.

Ms. Miller asked if they had spoken with the Select Board yet. Mr. Mertz stated that there had not been an official meeting, but they had been in touch with the Town Manager, and hoped to meet with the Select Board. Ms. Waber stated that they had had informal discussions. Mr. Reilly asked if they had examples of other towns which had taken specific actions. Mr. Reilly stated that as a Finance Committee member, there could be significant financial exposure, and it could be worthwhile to have an analysis. However, he feels that this petition is a feel-good measure, and does not have substance. Ms. Waber stated that she agreed that this petition is not calling for specific tangible action, but is intended to be a small step showing the intention to start thinking about this issue. Analyses will be needed, and the goal is to do something tangible in the future. Mr. Mertz stated that the Town of Amherst has committed \$80K of town funds to investigate systemic racism. The Town of Wellesley has applied for a racial equity grant. Brookline has created a task force similar to the working group Needham Unites Against Racism that the Select Board is starting. He stated that they hope to see articles at the spring Town Meeting to take specific action. This calls for some research into the best way to examine the issues.

Mr. Lunetta asked what success would look like for this petition, other than raising awareness. Ms. Waber stated that she is a Town Meeting Member and feels that it can take a while for Town Meeting to get used to ideas, so this petition is to raise consciousness of the issues and the areas that may need improvement including police, health, and education. She stated that the overarching goal is to come up with a data-driven, smart proposal for changes that need to be done. She is not ready now to say specifically what they will want to do. Mr. Lunetta stated that they will get to the threshold of what needs to be done, and asked how they will transition to seeking objectives and forming a timetable for results. Ms. Waber stated that they are moving steadily. She stated that they view their work as complementary to the new committee and want to work with them.

Mr. Levy stated that his wife is one of the 340 petitioners and that he does not believe that this would prevent him from considering the financial implications. He asked whether the Select Board's creation of the new committee would satisfy what they are looking for, or whether they would be working in parallel. Ms. Waber stated that the town is still figuring out what that committee will be doing, so it is not clear. She stated that the Town's stated goals appear to be broad, and she thinks the goal behind this petition has a stronger focus, especially with respect to police, health and education. She stated that diversity in hiring, something mentioned as part of the Town's committee charge, would not be sufficient for what they are trying to do. Mr. Levy asked if they want a separate group from the Town's new committee. Ms. Waber stated that the petition is nonbinding, so it could go either way. They are purposely leaving some leeway and not telling the Town what to do. Mr. Mertz stated that this article picks up where the Unite Against Racism committee leaves off. Their goals are more vague while this article lists some specific content that they hope to see.

Mr. Reilly asked Mr. Davison whether the Town has general insurance that provides coverage with respect to the problems that the proposal is seeking to address and to what extent adopting the resolution could complement it. Mr. Davison stated that the Town has professional and general liability insurance and this would not impact the coverage. Mr. Reilly stated that it could help the Town's liability exposure to be more aware of these issues. Mr. Lunetta stated that he feels that this could make also people more sensitive to their rights. Ms. Waber stated that she feels that the exposure issue is important. In the long term, if racial equity is improved, then events would happen less frequently. Ms. Miller stated that it could open the Town to potential

liability as they work through this process. She stated that what the Select Board intends to do will be important, and that the committee should have a Finance Committee member on it, as well as the Police Chief, and the Town Manager or HR Director. There should be knowledge of Town operations. She stated that other towns are spending money and seeking grants because the work can't be done by volunteers. They will need professional help to ask questions at a higher level. She stated that the Unite Against Racism committee is very different than this petition calls for.

Mr. Reilly asked if the Finance Committee felt ready to vote on the petition. Mr. Connelly stated that he is unable to determine a financial impact. He stated that he would also like to hear what the Select Board feels. Ms. Miller agreed that the Committee should wait to hear from the Select Board. Mr. Coffman asked if there would be any ramifications if this petition passes and there is no plan in place. Ms. Waber stated that it is nonbinding; it just says that people want the Town to commit to considering whether action should be taken. She stated that she does not think that there would be any ramifications if there is nothing done in a year. Mr. Reilly stated that if someone were to make a claim, he feels it would be better to have taken a vote to show good faith. Mr. Connelly stated that if he were the Town attorney (he noted that he is not), he would say that the vote would be irrelevant to any such claim. Mr. Reilly felt that it could have weight at the jury level. He stated that he does not see a downside to supporting this.

Mr. Jacob stated that the Committee may vote to not take a position, but if the Committee deems that the article has no financial implication, it will not be able to show whether the petition is supported or not. Mr. Lunetta stated that he feels that the Finance Committee should not take a position, though he will support it as a Town Meeting member.

MOVED: By Mr. Connelly that the Finance Committee take no position on Article 17: Citizens Petition – Resolution to Request a Study of Systemic Racism in Needham as it presently reads, since there is no financial implication. Mr. Lunetta seconded the motion.

Discussion: Ms. Miller stated that unless the Committee takes a position, then it will not be able to see what the Select Board is thinking, and will not have the opportunity to express and opinion or give feedback on the committee. Mr. Levy and Mr. Reilly agreed that it would be better to wait to hear what the Select Board says. Mr. Connelly stated that it is not the Board's petition, so they cannot change it. He stated that he believed his motion is appropriate. Mr. Lunetta asked why taking no position would preclude the Committee from having a voice down the road. Ms. Miller stated that the Committee's opinion would be less relevant. She stated that if the Committee takes a position it will be part of the Select Board's thinking when putting together the new committee, which may take actions which could have significant financial implications down the road. Ms. Fachetti agreed that there is a potential for delayed financial implications but not in the article as written. She stated that she felt that the Committee should not vote one way or the other at this point. She stated that the Select Board may want to refer the article back for further study. Mr. Jacob stated that he agreed with the motion, but would like to table the vote until there is more information and the Select Board has a chance to discuss the petition.

MOVED: By Mr. Jacob that the Finance Committee table Mr. Connelly's motion regarding Article 17 until the next Finance Committee meeting. Mr. Reilly seconded the motion. There was no further discussion. The motion was approved 7-1 by a roll call vote with Mr. Connelly dissenting.

Special Town Meeting Warrant Article 9: Rescind Debt Authorization

Mr. Chandler stated that typically, the Town does not rescind debt until a project is closed out. The PPBC had a discussion about whether it might help the Town to rescind most of the remaining debt authorization on the Sunita Williams School project. He stated that a favorable bidding environment created a larger contingency than expected. He stated that they started with a discussion about possibly rescinding lower amounts, but decided that they could go up to \$9 million. He stated that there is no reason to squeeze all of the funds at this point. He stated that they could wait to rescind all of the debt, so the question is whether it would help the Town to rescind some of it. Mr. Connelly stated that he supports rescinding the debt, but his question is why the project has not been closed out a year after it was finished. Mr. Chandler stated that there is still a punch list, and some issues have cropped up and some changes have been needed. They expect to close it out by the end of the calendar year. Mr. Connelly asked why they would keep \$1 million for the authorization when they do not plan to use it. Mr. Chandler stated that they did not want to go down to a small number, and that they do not need to rescind any of the current debt authorization. He said that their discussion started at \$7 or \$8 million. He stated that there is no mischief going on.

Ms. Fachetti asked if they planned to close out the project in December. Mr. Chandler stated that there will be an project update at the PPBC meeting next Monday, but he did expect the project to be fully closed out in December. Mr. Reilly stated that there has been no suggestion of bad faith, but the question is why withhold \$1 million with no expectation of spending it. Mr. Chandler stated that the PPBC had a discussion and decided on that amount. They usually do not rescind any of the debt until the very end. Mr. Reilly stated that he is not comfortable to answer a question from Town Meeting that this is an arbitrary number. It should be a reasoned number. Mr. Chandler stated that the PPBC had a level of comfort with the number, but they may be able to go to \$10 million. They would not want to pinch the budget, and they felt it was reasonable to go to \$9 million. Ms. Fachetti asked for the typical timeline from when a building goes online to when the budget is closed out. Mr. Popper stated that it is typically one year. He noted that they have not yet submitted the final number to the MSBA for their audit. He expects that will be done in early December. Mr. Connelly stated that the bills would be all paid and processed, and the MSBA just decides whether the reimbursement would be paid to the Town. The Town may get more money back, but that is not a reason to hold \$1 million. Mr. Popper stated that if the Finance Committee thinks \$10 million is better to the Town than \$9 million, the PPBC can consider that. They were trying to do what was beneficial. Mr. Connelly stated that the issue is not what was beneficial, but they should be looking at the budget to see what additional money is needed. Mr. Popper stated that all bills have not been paid, and there are amounts outstanding, including \$38K to the architect which is not encumbered, but which may be eliminated. Mr. Connelly stated that he supports the \$9 million, but wishes it was \$10 million was looking for a rationale. He requested that they go to \$10 million or articulate why they need the money.

Mr. Kent agreed that the \$9 million was arbitrary. They came up with \$1 million as the amount to keep outstanding and Mr. Davison agreed to it. The PPBC can take it up again. He stated that projects can take a long time to close out. The Conservation Commission has a 2-year period that they need to keep open to satisfy their conditions. But they do not need \$1 million for that.

Article 4: Appropriate for Billing and Collection Software

Mr. Davison stated that the Town billing and collection software is beyond its useful life, and need replacement. This project has been on the horizon for years. The current application is 30 years old and obsolete and inefficient. People cannot pay real estate or other taxes online because it cannot interact with third party providers. This was planned for funding at the Annual Town Meeting, but was postponed when the warrant was pared down due to the pandemic. The project was not seen as an emergency until recently when they ran into trouble. The application experienced a Y2K bug, and could not process bills with a date of 2021. The vendor had not anticipated that the application would be in use for any date beyond 2020. Mr. Davison shared his screen with a slide showing a 30 month timeline for the new program. Procurement for the new software would take 10 months from November 2020 through August 2021. They would go live with excise bills in January 2022, property tax bills in June 2022, and utility bills in January 2023. They would then decommission the old application, starting with archiving in October 2023, and shutting it down in December 2023. The total amount is \$1,075,000, which will come from: \$25.5K from a prior warrant article (of an original \$200K for NPDES permitting consulting, which is finished), \$56K from the General Fund, \$193.5K from the Water Enterprise Fund (representing the amount that the water fund uses the system), and \$800K from the overlay (of the \$1 million that has been released.) The overlay funds are typically used at the Annual Town Meeting, but they are the only funds now available, since Free Cash from FY20 has not been certified. Mr. Davison stated that \$50K from the overlay has been recommended by the Finance Committee for the Property Tax Assistance program.

Mr. Levy stated that he met with Mr. Davison to discuss the new application. He stated that the current licensing fees are \$80K, and that the fees for the new software are expected to be in the range of \$80K-\$175K, so there may be an effect on the operating budget. He stated that there is the possibility that the software would not be ready on time and the timeline would pushed back. He asked if duplicate licensing fees have been budgeted for. Mr. Davison stated that the budget was based on the optimistic timeline and does not include that. He stated that they should be able to make the planned timeline unless there is a problem in the migration of the data. He stated that the law requires that the real estate tax bills are done by July 1 each year, so if that date is missed, they will have to wait to the next cycle with the property tax bills. Mr. Levy asked what would be the downside of waiting for this funding until May. Mr. Davison stated that it would effectively add 8 months to the process, and they would need to ensure that the current software lasted another year, which they can't. If there were a conversion issue, it could end up adding 2 fiscal years. He stated that his team has come to the meeting to answer questions. They had hoped this process would already be underway, and feel strongly it needs to get started. Mr. Lunetta asked if the vendor still supports the current system. Mr. Davison stated that it does, but the number of users is dwindling. They continue to make updates to meet legal or regulatory requirements, but do are not making any enhancements or security improvements. The licensing fees have annual cost increases. Mr. Lunetta asked if there was a way to make the change happen faster. Mr. Davison stated that the current timeline is realistic. Mr. Lunetta asked the chance of the current system crashing. Mr. Davison stated that he had thought there was little chance, but with the Y2K issue, he is no longer as confident.

Mr. Reilly stated that he is in favor of the timetable presented. He stated that in the past the Finance Committee has been reluctant to use the overlay funds before the Annual Town Meeting. He recalled that there was a time the Town used funds from a stabilization fund which was replenished with funds from the overlay in the spring. Mr. Davison stated that this is an operating expense, not a capital expense, so none of the capital stabilization funds can be used. Mr. Reilly asked about the general "rainy day" fund. Mr. Davison stated that would require a 2/3

vote of Town Meeting. It would be difficult to explain to rating agencies that the Town needed a stabilization fund for this expense. Ms. Miller asked whether they could use the same fund as planned for the Annual Town Meeting. Mr. Davison stated that there were shifting plans in the spring, but they would have been using free cash or overlay. Free cash has not yet been certified from the close of FY20. Mr. Levy noted that an early draft of the Annual Town Meeting warrant showed this project being funded entirely with free cash. Ms. Miller asked why funds from the Sewer Enterprise Fund was not being used as well. Mr. Davison stated that all billing goes through the Water Fund since there are no sewer meters and sewer billing is based on metered water use, so this made more sense. Ms. Miller asked who would manage the software project. Mr. Davison stated that it would primarily be in-house staff, though there may be a consultant needed to meet certain milestones. They are also working with the Town's Technology Advisory Board.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Town Meeting Warrant Article 4: Appropriate for Billing and Collection Software in the amount of \$1,075,000. Mr. Levy seconded the motion. There was no further discussion. The motion was approved 8-0 by a unanimous roll call vote.

Special Town Meeting Warrant Article 6: Amend Zoning By-Law – Avery Square Overlay District and Article 7: Amend Zoning By-Law – Map Change to Avery Square Overlay District

Ms. Miller stated that the changes seem to be financially advantageous since they would allow a better use of the property.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 6: Amend Zoning By-Law – Avery Square Overlay District and Article 7: Amend Zoning By-Law – Map Change to Avery Square Overlay District. Mr. Connelly seconded the motion.

Discussion: Mr. Levy stated that he is fine with the proposal, but concerned in the geographic scope. The changes apply to one small piece of land. He does not think it is right to have the financial benefit apply this small area. He will support Article 6 but not Article 7, the map change. He understands that the owner would need both articles to pass for the project. He does not know how they would apply the overlay district without the map. Ms. Fachetti stated that the articles should be voted separately. Ms. Miller stated that her motion covered both. She offered to make a substitute motion.

MOVED: By Ms. Miller that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 6: Amend Zoning By-Law – Avery Square Overlay District. Mr. Connelly seconded the motion. There was no further discussion. The motion was approved 8-0 by a unanimous roll call vote.

MOVED: By Mr. Connelly that the Finance Committee recommend adoption of Special Town Meeting Warrant Article 7: Amend Zoning By-Law – Map Change to Avery Square Overlay District. Mr. Reilly seconded the motion.

Discussion: Ms. Miller stated that she agreed with Mr. Levy that the area covered by the proposed change to the zoning is very limited, but she wanted to vote in favor. She noted that the

Finance Committee could make a constructive comment to explain the concern. Mr. Connelly's motion was approved 7-1 by a roll call vote, with Mr. Levy dissenting.

Special Town Meeting Warrant

MOVED: By Ms. Miller that the Special Town Meeting warrant indicate state: "It is anticipated that the Finance Committee's recommendation will be posted on the Town's website prior to Town Meeting." Mr. Reilly seconded the motion. There was no further discussion. The motion was approved 8-0 by a unanimous roll call vote.

Updates:

There were no updates.

Adjournment

MOVED: By Mr. Lunetta that the Finance Committee meeting be adjourned, there being no further business. Mr. Reilly seconded the motion. The motion was approved by a unanimous roll call vote of 8-0 at approximately 8:30 p.m.

Documents: October 2020 Special Town Meeting warrant 9-8-20 draft.

Respectfully submitted,

Louise Mizgerd
Staff Analyst

Approved September 23, 2020